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C O N F I D E N T I A L SECTION 01 OF 03 BERLIN 003267

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [ENRG](#) [PTER](#) [GM](#) [EU](#)

SUBJECT: OPPORTUNITIES TO ADVANCE U.S. OBJECTIVES DURING  
GERMANY'S EU PRESIDENCY

REF: A. BERLIN 3151

[1](#)B. BERLIN 1993

[1](#)C. BERLIN 2785

[1](#)D. BERLIN 2782

[1](#)E. BERLIN 3076

[1](#)F. BERLIN 3195

Classified By: Acting DCM John Bauman for reasons 1.4  
(b) and (d).

[1](#)1. (C) Summary: While debates over constitutional reform will limit Germany's ability to launch major initiatives, Germany's EU presidency presents opportunities for the U.S. and Germany to advance shared objectives and improve coordination. On energy, we have an opportunity to promote closer cooperation and dialogue with the EU on alternative fuels and new technologies, as well as raise the question of global energy security. Germany's foreign policy focus on the "Eastern Dimension" could lay the groundwork for sustained high-level dialogue on Russia and better coordination on promoting economic reform and the rule of law in Ukraine, the Caucasus, and Central Asia. German interest in focusing on implementation of existing counterterrorism initiatives, rather than launching new ones, may leave the field open to encourage Germany to act on U.S. priorities and ensure that ongoing EU counterterrorism efforts do not contravene U.S. interests. Germany's EU presidency also presents opportunities for continued steps to generate momentum on improving EU-NATO coordination and on economic reform and innovation. End Summary.

[1](#)2. (SBU) Embassy Berlin held an offsite November 1 in advance of the German cabinet's November 5 discussions on developing an agenda for Germany's EU and G-8 presidencies. USEU Political Minister Counselor Larry Wohlers also participated.

This message highlights general themes that emerged in our discussion of Germany's policy objectives for its EU presidency and potential opportunities to advance U.S. interests. In the weeks ahead, Mission Germany will present a series of cables outlining our thinking on the way ahead in these areas.

#### ENERGY

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¶3. (C) German senior officials repeatedly state that energy will be a key topic for the upcoming presidency. Energy efficiency and greater use of renewable forms of energy are specific topics the German government expects to pursue, with officials pointing to the cuts in greenhouse gases and other environmental benefits that would result. The German government is also looking at Brussels' push to create a common EU energy policy, focusing on closer coordination in the EU on energy issues and further integration of the region's energy grids. Berlin is not enthused about ceding national prerogatives for setting energy policy to the EU.

¶4. (C) We have an opportunity here to engage on each of these aspects. Recent senior USG visitors, for example, have similarly raised the need for closer cooperation and dialogue with the EU and its members on alternative fuels and new technologies -- e.g., clean coal -- to improve global energy security and cut emissions of greenhouse gases and pollutants. The German presidency's focus on new technologies is an opportunity as well to look at the question of standards harmonization between the U.S. and the EU and its members to advance the marketability and international acceptance of alternative fuels, clean coal, and associated advances in transportation, power generation, and other applications. We should have opportunities to raise questions of global energy security and the diversification of energy supplies, including development of new oil and natural gas pipelines and LNG. We should also look at innovations in energy technologies as part of the German presidency's focus on advancing the Lisbon Agenda, something German officials report will be a prime area of German activity up through the March EU Summit. The Germans expect their G-8 presidency, however, to provide a continued context for discussion of energy beyond March.

#### EASTERN DIMENSION

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¶5. (C) Germany's key foreign policy priorities for its presidency are creating a new EU neighborhood policy with countries from eastern Europe and the Caucasus, strengthening the EU's engagement with Central Asia, and completing negotiation of a new Partnership and Cooperation Agreement with Russia (ref B). Despite U.S. efforts to disaggregate European thinking, Russia remains the prism through which Germany views Eastern Europe and Central Asia. While there are few differences in our long-term objectives or tactical responses, Germany has focused on engagement as the centerpiece of its strategy for dealing with a resurgent Russia. A U.S.-German high-level sustained dialogue that engages policy makers and opinion leaders would yield substantial benefits, particularly in developing cooperative strategies to shape Russian behavior as Russia heads toward the post-Putin era.

¶6. (C) German plans for EU engagement in eastern Europe and the Caucasus focus on strengthening the rule of law and promoting economic reform. We should encourage Germany to continue to pursue strategies that avoid creating the perception that the EU has closed the door on such countries as Ukraine and Georgia. For example, Germany is considering allowing these countries to open and close certain EU accession "chapters" to facilitate deployment of technical experts and capacity-building assistance and convey the impression that these countries eventually have a future in the EU. Germany's engagement on Central Asia will emphasize good governance and transparency, as well as opening up new economic opportunities. Other issues -- Kosovo,

Turkey-Cyprus, constitutional reform, or tensions between Russia and Georgia -- may surface during Germany's presidency. Germany also hopes to avoid protracted discussion of Turkey's EU membership.

#### COUNTERTERRORISM

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¶17. (C) Ref C lays out Mission's thinking on counterterrorism opportunities under Germany's EU Presidency. While Germany will push for progress on the EU's 45-item action plan, German officials indicate they plan no major new EU counterterrorism initiatives, other than launching a new CT dialogue with Indonesia. This situation may leave the field open to encourage Germany to act on various initiatives that are high on the USG list of priorities and to ensure that ongoing EU counterterrorism initiatives do not contravene U.S. interests, e.g., the new EU Data Privacy Initiative complicates information sharing with the U.S. A separate but key issue will be negotiating the new agreement with the EU on passenger name records. German officials have said they would prefer to extend the current agreement; DHS has made clear that would not be acceptable. It remains unclear how the German government and the Commission will divide negotiating responsibilities.

#### TRANSATLANTIC ECONOMIC RELATIONSHIP

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¶18. (C) Merkel's cabinet recognizes economic reforms are necessary -- in Germany and throughout the EU. Progress on the Lisbon agenda is supposed to be the prime area of concentration through the March 25 EU Berlin Summit. Merkel's interest in pushing economic reforms, including fostering innovation and reducing bureaucracy and regulation, should continue through the G-8 Summit, however. Merkel has signaled her interest in strengthening transatlantic economic ties and may broach further initiatives to this end directly with Washington. We understand that these will probably involve nontariff barriers to trade such as harmonization of standards and regulations.

¶19. (C) The EU presidency thus gives us an excellent opportunity to heighten our engagement pushing the economic reforms needed to boost German -- and thereby EU and global -- prosperity. The interest in innovation provides an opening to engage on fostering clean coal and other energy-related technologies, and it can also provide the entree for raising issues related to pharmaceutical pricing. A better regulatory environment, that among other things allows greater public input, including from U.S. businesses, should be among the issues we support.

#### EU-NATO

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¶10. (C) Progress on EU-NATO cooperation during Germany's presidency will remain difficult. German advocacy of an ESDP police training mission in Afghanistan (ref F) presents an opportunity to push for closer coordination on counternarcotics, police, and reconstruction. Kosovo may as well. Darfur is a wild card that may demand new, closer, EU-NATO coordination during Germany's EU presidency.

#### NEXT STEPS

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¶11. (SBU) In the coming weeks, Mission Germany will produce a series of papers on the way ahead on these issues. We will soon submit pieces that work to flesh out German thinking on Central Asia and identify areas for cooperation on energy. These will be closely followed by messages on the transatlantic economic relationship and priorities related to the Eastern Dimension and EU-NATO cooperation.

TIMKEN JR